

**HOUSING AUTHORITY OF THE
CITY OF ARLINGTON, TEXAS
A COMPONENT UNIT OF
THE CITY OF ARLINGTON, TEXAS**

FINANCIAL AND COMPLIANCE REPORT

Years ended September 30, 2009 and 2008



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

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FINANCIAL INFORMATION





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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Arlington, Texas
Arlington, Texas

We have audited the accompanying financial statements of the Housing Authority of the City of Arlington, Texas (the "Authority"), a component unit of the City of Arlington, Texas, as of and for the years ended September 30, 2009 and 2008, as listed in the accompanying table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 4, 2010, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis, on page 2, is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Housing Authority of the City of Arlington, Texas. The schedules listed in the table of contents as supplementary financial information included on pages 18 to 29, including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Rylander, Clay & Opitz, LLP
February 4, 2010

HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED SEPTEMBER 30, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Housing Authority of the City of Arlington's financial performance provides an overview of the Authority's financial activities as of and for the fiscal years ended September 30, 2009 and 2008. Please read it in conjunction with the Authority's basic financial statements, which begin on page 3.

FINANCIAL HIGHLIGHTS

Condensed Financial Information

Changes in the Balance Sheet			
	2009	2008	Increase (Decrease)
Current assets	\$ 5,677,980	\$ 7,629,948	\$ (3,776,038)
Noncurrent assets	469,219	522,711	(53,492)
Total assets	6,147,199	8,152,659	(3,693,263)
Current liabilities	583,358	643,256	(527,696)
Noncurrent liabilities	250,370	401,311	(150,941)
Total liabilities	835,728	1,044,567	(478,795)
Net assets:			
Invested in capital assets	469,219	522,711	(53,492)
Restricted net assets	892,287	2,934,484	(3,736,579)
Unrestricted net assets	3,949,965	3,650,897	439,336
Total net assets	\$ 5,311,471	\$ 7,108,092	\$ (3,214,468)
Changes in Net Assets			
	2009	2008	Increase (Decrease)
HUD funding	\$ 22,736,694	\$ 23,088,959	\$ (352,265)
Other revenue	875,490	291,127	584,363
Total revenues	23,612,184	23,380,086	232,098
Expenses:			
Administrative expenses	2,864,445	3,196,249	(331,804)
Housing assistance payments	22,639,675	23,498,570	(858,895)
Depreciation	53,492	43,113	10,379
Total expenses	25,557,612	26,737,932	(1,180,320)
Changes in net assets	\$ (1,796,621)	\$ (3,214,468)	\$ 1,417,847

The Authority is governed by a five member Board of Commissioners appointed by the Mayor. The Authority operates as an independent metropolitan public housing authority and is affiliated with the City of Arlington through an Interlocal Cooperative Agreement. The mission of the Authority is to advocate for and pursue affordable housing opportunities for low-income persons in Arlington by establishing partnerships with public or private community service providers; effectively communicating with internal and external constituencies; attracting and retaining knowledgeable staff and Board members by supporting professional development and personal opportunities; and maintaining and improving fiscal accountability and operational efficiency.



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED SEPTEMBER 30, 2009

One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better off or worse off as a result of the year's activities?" The statement of changes in net assets contains information about the Authority as a whole and about its activities in a way that helps answer this question. One of the Authority's primary objectives from a fiscal perspective is to maximize the utilization of HUD funds for their intended purpose to serve the maximum number of eligible persons within the level of funding allocated to the Authority during the year. For fiscal year 2009, the Authority utilized all funding allocated to rental assistance during the fiscal year, including a portion of the Authority's net restricted assets (restricted to rental assistance only) accumulated during a prior period. Net assets continued to decrease in 2009 primarily due to the continued use of net restricted assets budgeted and used to fund housing assistance payments. The decrease in net assets of \$1,796,621 is a result of HUD's funding methodology for the Housing Choice Voucher program. In May 2009, HUD provided the Authority with its 2009 budget, which included the use of \$1,323,516 of net restricted assets that the Authority held. Unfortunately approximately 15% of all public housing agencies that operate a Housing Choice Voucher program were under funded in calendar year 2009. HUD underfunded the Authority by \$1.1 million. Subsequently, HUD provided supplemental appropriations of \$177,934 for portability related expenses. The Authority reduced housing assistance expenses by reducing the number of program participants through attrition and utilized its net restricted assets to ensure that it did not exceed available revenues. Fortunately, the Authority successfully managed the funding shortfall without needing to terminate housing assistance of active program participants.

At the end of fiscal year 2009, the Authority was awarded additional funding to assist 257 households as part of a special appropriation for persons affected by Hurricane Katrina and Rita. The Authority currently has an allocation of 3,718 units, which includes 257 units for Hurricane Katrina and Rita, and 141 units for clients transitioning from DHAP to HCV. Overall, the Authority expects to maintain its current level of allocated units in fiscal year 2010. Other planned activities for the Authority include the potential of acquiring foreclosed homes to rehabilitate and sell to qualified homebuyers to further increase the supply of affordable housing and to promote homeownership for qualified homebuyers in Arlington.

As the Authority's net restricted assets continue to decrease through funding its housing assistance payments, the Authority must continue to engage in careful and effective cash management and remain diligent in monitoring of revenue and expenditures. The Authority continues to monitor unit / program utilization and make adjustments to increase or decrease program participation to remain within budget. The Authority plans to utilize its administrative reserves to improve and strengthen its operational and administrative capacity, technology, and resources to attain procedural improvements and overall operational efficiencies.

During fiscal year 2009, the Authority served over 3,250 families under the Housing Choice Voucher program through rental assistance payments and fully utilized the budget. There were 4 FSS participants who graduated from the FSS program, which served a total of 143 participants during the year. The Authority received an award for Best Annual Report awarded by the Texas Chapter of NAHRO. The Authority was also recognized by the US Department of HUD as a High Performing Public Housing Agency for work performed in FY2009. We are proud of our dedicated staff whose diligent hard work has resulted in this honor. The Board of Commissioners and the Authority's staff consider it a privilege to serve the citizens of the City of Arlington with quality affordable housing and related services.



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

BALANCE SHEETS

September 30, 2009 and 2008

ASSETS

	2009	2008
Current Assets		
Cash and cash equivalents	\$ 2,692,927	\$ 4,578,884
Investments (at cost)	2,812,525	2,812,426
Adjustment to fair value	38,501	(8,486)
Investments at fair value	2,851,026	2,803,940
Grants receivable	82,744	135,768
Accounts receivable	31,297	74,076
Accrued interest receivable	12,833	32,543
Prepaid expenses	7,153	4,737
Total current assets	5,677,980	7,629,948
Capital assets, net of accumulated depreciation	469,219	522,711
Total assets	\$ 6,147,199	\$ 8,152,659

LIABILITIES AND NET ASSETS

Liabilities

Current:

Accounts payable	\$ 83,976	\$ 83,045
Compensated absences	31,873	15,211
Due to HUD	218,442	-
Escrows	196,057	495,402
Accrued liabilities	55,010	49,598
Total current liabilities	585,358	643,256

Noncurrent:

Other	164,116	199,324
Compensated absences	86,254	201,987
Total noncurrent liabilities	250,370	401,311
Total liabilities	835,728	1,044,567

Commitments and Contingencies (Notes 4, 5)

Net assets

Invested in capital assets	469,219	522,711
Restricted	892,287	2,934,484
Unrestricted	3,949,965	3,650,897
Total net assets	5,311,471	7,108,092
Total liabilities and net assets	\$ 6,147,199	\$ 8,152,659

See notes to financial statements.



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS
STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS
Years Ended September 30, 2009 and 2008

	2009	2008
Operating Revenues		
HUD grant revenue	\$ 22,736,694	\$ 23,088,959
Other revenue	875,490	291,127
	<u>23,612,184</u>	<u>23,380,086</u>
Operating Expenses		
Administrative	2,864,445	3,196,249
Housing assistance payments	22,639,675	23,498,570
	<u>25,504,120</u>	<u>26,694,819</u>
Depreciation expense	53,492	43,113
	<u>25,557,612</u>	<u>26,737,932</u>
Operating loss	<u>(1,945,428)</u>	<u>(3,357,846)</u>
Non-Operating Revenue		
Investment income	148,807	143,378
Total non-operating revenue	<u>148,807</u>	<u>143,378</u>
Change in net assets	<u>(1,796,621)</u>	<u>(3,214,468)</u>
Beginning net assets	7,108,092	10,322,560
Ending net assets	<u>\$ 5,311,471</u>	<u>\$ 7,108,092</u>

See notes to financial statements.



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

STATEMENTS OF CASH FLOWS

Years Ended September 30, 2009 and 2008

	2009	2008
Cash Flows from Operating Activities		
Payments from HUD	\$ 23,591,876	\$ 23,186,897
Housing assistance payments	(22,639,675)	(23,498,570)
Payments to employees	(2,009,257)	(1,952,933)
Payments to suppliers	(950,332)	(1,198,485)
Net cash used by operating activities	(2,007,388)	(3,463,091)
Cash Flows from Investing Activities		
Proceeds from sale and maturity of investments	1,302,000	2,645,099
Investment income collected	121,431	141,223
Purchases of investments	(1,302,000)	(2,316,891)
Net cash provided by investing activities	121,431	469,431
Cash Flows from Capital and Related Financing Activities		
Purchase of equipment	-	(125,888)
Net cash used in financing activities	-	(125,888)
Net decrease in cash and cash equivalents	(1,885,957)	(3,119,548)
Beginning cash and cash equivalents	4,578,884	7,698,432
Ending cash and cash equivalents	\$ 2,692,927	\$ 4,578,884
Reconciliation of operating income to net cash provided by operating activities:		
Change in operating net assets	\$ (1,945,428)	\$ (3,357,846)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	53,492	43,113
Increase (decrease) from changes in:		
Grants receivable	53,024	289,887
Accounts receivable	42,779	4,531
Prepaid expenses	(2,416)	(4,587)
Accounts payable	931	(37,633)
Due to HUD	218,442	-
Deferred revenue	-	(610,014)
Accrued liabilities	(93,659)	85,997
Escrows	(334,553)	123,461
Net cash used by operating activities	\$ (2,007,388)	\$ (3,463,091)

See notes to financial statements.



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The Housing Authority of the City of Arlington, Texas (Authority) is organized under the laws of the State of Texas for purposes of engaging in the development, acquisition, leasing, operation, and administration of a Section 8 Housing Program.

The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the Section 8 Housing Program under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities to make loans or grants to assist in financing the acquisition, construction and/or leasing of housing units, to make housing assistance payments, and to make annual contributions (subsidies) for the purpose of maintaining the low-rent character of the local housing program.

On September 17, 2007, the Emergency Housing Assistance Corporation (EHAC) was formed under the Texas Non-Profit Corporation Act at the behest of the Housing Authority of the City of Arlington, Texas, to expedite staffing, facilities, and equipment requirements to administer the Disaster Housing Assistance Program funded by the Federal Emergency Management Administration (FEMA), previously administered by the United States Department of Housing and Urban Development (HUD). The initial purpose of the EHAC was to provide emergency housing and the prevention of homelessness to victims of Hurricanes Katrina and Rita.

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. Descriptions of the significant accounting policies follow:

Reporting entity: The Authority is a separate autonomous entity governed by a five member board of commissioners, appointed by the mayor of the City of Arlington, Texas.

The EHAC is a component unit of the Housing Authority of the City of Arlington, Texas governed by a three to five member board of directors, appointed by the Commissioners of the Housing Authority of the City of Arlington, Texas. The EHAC is reported as a blended component unit of the Authority. Blended component units, although separate entities, are in substance, part of the Authority's operations. No separate financial statements exist for the EHAC.

Generally accepted accounting principles require that these financial statements present the Authority (the primary government) and its component units. The criteria provided in Government Accounting Standards Board Statement No. 14 have been considered.



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of accounting: The Authority's basis of accounting is accounting principles generally accepted in the United States of America as applied to governmental entities. The Authority has determined that all of its programs shall be classified as an Enterprise Fund and is therefore accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations of these funds are included in the balance sheet.

The Authority utilizes the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liability has been incurred. Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Authority's enterprise fund is grant revenue from HUD. Operating expenses for the Authority include the cost of providing rental assistance to landlords for Section 8 housing, administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Authority applies all applicable GASB pronouncements as well as the following pronouncements as issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins. The Authority has elected not to apply FASB Statements or Interpretations issued after November 30, 1989.

All of the Authority's programs are accounted for as an enterprise fund. The programs are described as follows:

Section 8 Housing Voucher Program: This program was authorized by Section 8 of the National Housing Act to provide housing assistance payments to private, not-for-profit, or public landlords to subsidize rent payments for low-income persons.

The Section 8 Housing Voucher Program allows for existing housing units to be used for low-income housing. HUD provides a contracted dollar amount to the Authority which is used to provide rental payment assistance to landlords.

This program assists low-income families and individuals in finding and leasing a house or apartment. After inspecting the unit, the Authority assists the resident in negotiating a lease under HUD rules and regulations for the program. After the lease is signed, the resident pays a share of the rent according to HUD guidelines, and the remainder is subsidized by HUD through the Authority.

Disaster Voucher Program: The Disaster Voucher Program is a HUD rental housing assistance program for persons affected by Hurricanes Katrina and Rita that lived in public housing or received other HUD rental assistance but were displaced by the hurricanes. This program assists low-income families and individuals in finding and leasing a house or apartment. After inspecting the unit, the



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Authority assists the resident in negotiating a lease under HUD rules and regulations for the program. After the lease is signed, the resident pays a share of the rent according to HUD guidelines, and the remainder is subsidized by HUD through the Authority.

Supportive Housing Program: The Supportive Housing Program (SHP) is a HUD funded rental housing assistance program for persons who are homeless. The Supportive Housing Program is authorized by Title IV, Subtitle C, of the McKinney-Vento Homeless Assistance Act of 1987, as amended. It is designed to promote, as part of a local Continuum of Care strategy, the development of supportive housing and supportive services to assist homeless persons in the transition from homelessness and to enable them to live as independently as possible.

Assistance in the Supportive Housing Program is provided to help homeless persons meet three overall goals:

- achieve residential stability,
- increase their skill levels and/or incomes, and
- obtain greater self-determination (i.e., more influence over decisions that affect their lives).

HOME Investment Partnerships Program: HOME is authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended. HOME provides formula grants to States and localities that communities use, often in partnership with local nonprofit groups, to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people.

HOME is the largest Federal block grant to State and local governments designed exclusively to create affordable housing for low-income households. Each year it allocates approximately \$2 billion among the States and hundreds of localities nationwide.

HOME funds are awarded annually as formula grants to participating jurisdictions. The eligibility of households for HOME assistance varies with the nature of the funded activity. For rental housing and rental assistance, at least 90 percent of benefiting families must have incomes that are no more than 60 percent of the HUD-adjusted median family income for the area.

Shelter Plus Care Program: The Shelter Plus Care (S+C) Program is a HUD funded rental housing assistance program for persons that are homeless. The S+C program provides rental assistance in connection with supportive services. The program provides a variety of permanent housing choices, accompanied by a range of supportive services funded through other sources. S+C assists hard to serve homeless individuals with disabilities and their families. These individuals primarily include those with serious mental illness, chronic problems with alcohol and/or drugs, and HIV/AIDS or related diseases.



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

To ensure that the neediest of the homeless population are being served, grantees must provide needed supportive services - matching rental assistance with an equal amount of supportive services from other sources. Other Federal, State, or local sources, as well as private sources may fund the services. In addition to recordkeeping and evaluation that grantees may conduct for their own purposes, they must adhere to HUD-required recordkeeping plus a formalized annual project review (the Annual Progress Report).

Disaster Housing Assistance Program (DHAP): The DHAP is a rental housing assistance program for persons displaced by Hurricanes Katrina and Rita. The DHAP program is funded by the Federal Emergency Management Agency through HUD. DHAP is authorized under the Department of Homeland Security's general grant authority under section 102(b)(2) of the Homeland Security Act, 6 U.S.C. § 112, sections 408(b)(1), 426 and 306(a) of Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. § 5174(b)(a), § 5189(d) and § 5149 (a), respectively, and the Economy Act, 31 U.S.C. § 1535. Pursuant to an Inter-Agency Agreement signed by the Federal Emergency Management Agency (FEMA) and the Department of Housing and Urban Development (HUD), FEMA transferred the administration of the DHAP to HUD including administration of this grant agreement.

This program assists low-income families and individuals in finding and leasing a house or apartment. After inspecting the unit, the Authority assists the resident in negotiating a lease under HUD rules and regulations for the program. After the lease is signed, the resident pays a share of the rent according to HUD guidelines, and the remainder is subsidized by HUD through the Authority.

Budgets: Budgets for Section 8 are adopted and amended on a HUD-prescribed basis. In general, operating budgets are adopted on an annual basis, while the budget for programs supported by Supportive Housing Program and HOME Investment Partnerships Program funds cover up to three years. Expenditures may not exceed total allocations by program.

Cash equivalents: For purposes of the statement of cash flows, all highly liquid investments (excluding restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

Investments: Investments are carried at fair value and are legally restricted to investments in HUD approved securities (principally obligations of the Federal Government and federal agencies and federally insured bank deposits).

Grants receivable: Grants receivable consist of amounts due from HUD or other grantors for reimbursement of expenses or costs incurred by the Authority at September 30, 2009 and 2008. Management has determined that no allowance for uncollectible grants receivable is necessary at September 30, 2009 and 2008.



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable: Accounts receivable consist primarily of amounts due from other public housing authorities where the tenants originally applied for assistance. An allowance of \$6,956 and \$42,000 was reserved for potentially uncollectible amounts at September 30, 2009 and 2008, respectfully.

Prepaid expenses: Prepaid expenses consist of prepayments of expenditures that will occur after year-end and prepayments of subsequent October rents at September 30, 2009 and September 30, 2008, respectively.

Capital assets: Land, structures, and equipment greater than \$5,000 are recorded at historical cost. Donated capital assets are recorded at their fair value on the date donated. Depreciation, using the straight-line method, is calculated over estimated useful lives as follows:

Equipment	5 years
Building improvements	39 years

HUD subsidies and contributions: Subsidies and contributions from HUD are received periodically and represent the most significant source of revenues. The terms of these subsidies and contributions are defined in various Annual Contributions Contracts. HUD subsidies for ongoing operations and housing assistance payments for each unit rented to qualified tenants are recorded as revenues.

Compensated absences: The Authority employees are granted vacation and sick leave in varying amounts. Vacation days are allowed to accrue up to 240-320 hours depending upon length of service; additional hours may be accrued from year to year with approval. In the event of termination or resignation, an employee is paid for unused vacation. Sick leave may accrue up to 1,200 hours; however, only one-fourth of unused sick leave is paid upon termination or resignation. Compensated absences are accrued when earned.

Estimates: Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that are used.

Restricted assets: When restricted and unrestricted funds are available, it is the Authority's policy to use restricted funds first.

Subsequent events: Management evaluates subsequent events through the date of the report, which is the date the financial statements were available to be issued.



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

NOTES TO FINANCIAL STATEMENTS

NOTE 2. INVESTMENTS AND CASH EQUIVALENTS

All investments and cash equivalents consist of bank certificates of deposit.

As of September 30, 2009 and 2008 the Authority had the following investments:

Investment Type	2009		2008	
	Fair Value	Years to Maturity	Fair Value	Years to Maturity
Cash & cash equivalents	\$ 253,525	-	\$ 112,912	-
Bank certificates of deposit	2,597,501	.2 to 2.1	2,691,028	.4 to 3.1
Total investments	<u>\$ 2,851,026</u>		<u>\$ 2,803,940</u>	

Interest Rate Risk. In accordance with its investment policy, the Authority manages its exposure to decline in fair values by limiting its investments to those allowed by HUD and its portfolio maturity to less than three years.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority complies with the State of Texas custodial risk policy which states that all bank deposits in excess of the FDIC limit be collateralized.

NOTE 3. CAPITAL ASSETS

A summary of capital assets at September 30, 2009 and 2008, follows:

	Balance September 30, 2008	Additions	Retirements	Balance September 30, 2009
Furniture and equipment	\$ 825,408	\$ -	\$ -	\$ 825,408
Less: Accumulated depreciation	(302,697)	(53,492)	-	(356,189)
	<u>\$ 522,711</u>	<u>\$ (53,492)</u>	<u>\$ -</u>	<u>\$ 469,219</u>
	Balance September 30, 2007	Additions	Retirements	Balance September 30, 2008
Furniture and equipment	\$ 699,520	\$ 125,888	\$ -	\$ 825,408
Less: Accumulated depreciation	(259,584)	(43,113)	-	(302,697)
	<u>\$ 439,936</u>	<u>\$ 82,775</u>	<u>\$ -</u>	<u>\$ 522,711</u>

NOTE 4. CONTINGENCIES

The Authority is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority provides for potential significant losses through commercial insurance policies.



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LEASE COMMITMENT

The Authority leases its building under a non-cancelable operating lease expiring May 31, 2015 with automatic extensions of 5-year terms. The lease provides for annual rental adjustments. The total rental expense under the lease is \$45,393 and \$35,913 for the years ended September 30, 2009 and 2008, respectively. The total minimum lease commitment at September 30, 2009, under this lease is \$293,698 which is due as follows:

During each of the next five years	\$ 51,829
During the remaining term of the lease	34,553

NOTE 6. RELATED PARTY TRANSACTIONS

The City of Arlington provides certain accounting services to the Authority and makes payments on behalf of the Authority. In accordance with the interlocal cooperation agreement, the Authority reimburses the City the exact cost incurred by the City. During the years ended September 30, 2009 and 2008, the Authority was billed \$39,224 and \$39,636, respectively, by the City for accounting services for expenses paid on behalf of the Authority. In addition, the City of Arlington provides health insurance and life insurance coverage for the employees of the Authority. During the years ended September 30, 2009 and 2008, the Authority paid \$130,088 and \$125,573, respectively, to the City for these insurance expenses.

NOTE 7. RETIREMENT PLAN

Plan Description

The Authority provides, through the City of Arlington, pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 827 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2008 valuations are contained in the 2008 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153, or obtained at www.tmrs.org.

Benefits

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the Authority financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions. The monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

NOTES TO FINANCIAL STATEMENTS

NOTE 7. RETIREMENT PLAN (Continued)

salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity. Additionally, initiated in 1998, the City provides on an annually repeating basis annuity increases for retirees equal to 70% of the change in the consumer price index (CPI).

The plan provisions are adopted by the governing body of the City of Arlington, within the options available in the state statutes governing TMRS. Plan provisions for the City of Arlington follow:

Deposit Rate: 7%
Matching Ratio (City to Employee): 2 to 1
A member is vested after: 5 Years

Members can retire at certain ages, based on the years of service with the City. The service retirement eligibilities for the City (expressed as years of service/age) are:

5 years - age 60
20 years - any age

Contributions

Under the state law governing TMRS, the actuary annually determines the City's contribution rate on a calendar year basis using the Projected Unit Credit actuarial method. The City discloses the annual pension costs (which equal the required contributions) based on the calculated rates for the City's fiscal year. The rate is 14.88% of covered payroll for the months in calendar year 2008, and 15.51% for the months in calendar year 2009. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are obligations of the Authority as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the Authority to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 30-year amortization period. Both the employees and the Authority make contributions monthly. Since the Authority needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2007 valuation is effective for rates beginning January 2009). If a change in plan provisions is elected by the City, this rate can change.

The assumptions for the defined benefit plan, which follow, are only available for the City of Arlington as a whole:



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

NOTES TO FINANCIAL STATEMENTS

NOTE 7. RETIREMENT PLAN (Continued)

City of Arlington Schedule of Funding Progress

	December 31, 2008	December 31, 2007	December 31, 2006
Actuarial Valuation Date			
Actuarial Value of Assets	\$ 360,028,646	\$ 348,784,857	\$ 342,766,030
Actuarial Accrued Liability	\$ 594,441,728	\$ 569,403,626	\$ 466,521,090
Unfunded / (Over-funded) Actuarial Accrued Liability (UAAL)	\$ 234,413,082	\$ 220,618,769	\$ 123,755,060
Funded Ratio	60.6%	61.3%	73.5%
Annual Covered Payroll	\$ 143,790,619	\$ 130,957,976	\$ 118,938,412
UAAL as a Percentage of Covered Payroll	163.0%	168.5%	104.1%

Arlington Housing Authority Component Unit of the City of Arlington Trend Information

	September 30, 2009	September 30, 2008	September 30, 2007
Fiscal year end			
Annual pension cost	\$220,217	\$ 199,082	\$ 180,087
Percent of annual pension cost contributed	100%	100%	100%
Net pension obligation	\$ 0.00	\$ 0.00	\$ 0.00

Subsequent to the 2008 valuation, but prior to the end of the fiscal year, the City adopted a series of plan changes in order to reduce the required rate and improve the funded status, as described as follows:

General system-wide actuarial assumptions

Actuarial cost method	Projected unit credit
Amortization method	Level percent of payroll
Remaining amortization period	29 years – closed period
Asset valuation method	Amortized cost
Investment rate of return	7.5%
Projected salary increases	Varies by age and service
Inflation rate	3%
Cost-of-living adjustments	2.1%
Payroll growth assumption	3%
Withdrawal rates (low, mid, high) for male/female	Mid-high/Mid-high



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

NOTES TO FINANCIAL STATEMENTS

NOTE 8. OTHER POST EMPLOYMENT BENEFITS

The Authority administers, through the City of Arlington, a single-employer defined benefit healthcare plan. The plan provides postretirement healthcare benefits to eligible retirees and their spouses. An eligible employee can continue their health care coverage in retirement if their age plus service is at least 70 with a minimum age requirement of 50 years and a minimum of ten years of service with the City. Employees hired after December 31, 2005 are not eligible for postretirement health care benefits. The City plan has a non-duplication coordination of benefits with Medicare and other primary plans for retirees and/or their dependants.

When an employee retires, it is the policy of the City to transfer any liabilities and associated expenses to the general fund of the City, regardless of the department or component unit in which the employee worked. Therefore, the actuarial accrued liability for all City employees, including those employed by the Authority, is reflected in the City's comprehensive annual financial report and no liability is shown in the Authority's individual statements.

NOTE 9. RESTRICTED NET ASSETS

The restricted net assets are restricted by HUD for the payment of housing assistance payments.

NOTE 10. IMPLEMENTATION OF GASB STATEMENTS

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007 will be effective for the Authority beginning with its year ending September 30, 2010. This Statement provides guidance regarding how to identify, account for, and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. The provisions of GASB 51 generally are required to be applied retroactively.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008 will be effective for the Authority beginning with its year ending September 30, 2010. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts, and futures contracts.



SUPPLEMENTARY INFORMATION



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS
FINANCIAL DATA SCHEDULES
COMBINING BALANCE SHEETS - ALL PROGRAMS
September 30, 2009

Line Item No.	Account Description	Section 8 Rental Voucher Program 14.871	HUD Other 14.235, 14.239, 14.238, 14.231, 14.218	Disaster Housing Assistance Program 97.109	Eliminations	Total
Assets						
Current assets:						
Cash:						
111	Cash - unrestricted	\$ 513,777	\$ -	\$ 533,924	\$ -	\$ 1,047,701
113	Cash - other restricted	1,345,935	-	299,291	-	1,645,226
100	Total cash	<u>1,859,712</u>	<u>-</u>	<u>833,215</u>	<u>-</u>	<u>2,692,927</u>
Accounts and notes receivables:						
121	Accounts receivable - PHA projects	16,979	-	-	-	16,979
124	Accounts receivable - other government	-	29,745	-	-	29,745
125	Accounts receivable - miscellaneous	39,565	-	13,434	-	52,999
126.2	Allowance for doubtful accounts - other	(6,226)	-	-	-	(6,226)
128	Accounts receivable - fraud recovery	21,274	-	-	-	21,274
128.1	Allowance for Doubtful Accounts - Fraud	(730)	-	-	-	(730)
129	Accrued interest receivable	12,833	-	-	-	12,833
120	Total receivables, net of allowance for uncollectibles	<u>83,695</u>	<u>29,745</u>	<u>13,434</u>	<u>-</u>	<u>126,874</u>
Investments:						
131	Investments - unrestricted	2,851,026	-	-	-	2,851,026
142	Prepaid expenses and other assets	7,153	-	-	-	7,153
144	Interprogram due from	29,745	-	-	(29,745)	-
150	Total current assets	<u>4,831,331</u>	<u>29,745</u>	<u>846,649</u>	<u>(29,745)</u>	<u>5,677,980</u>
Noncurrent assets:						
Property and equipment:						
162	Buildings	562,711	-	-	-	562,711
164	Furniture, equipment, and machinery - administrative	262,697	-	-	-	262,697
166	Accumulated depreciation	(356,189)	-	-	-	(356,189)
160	Total fixed assets, net of accumulate depreciation	<u>469,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>469,219</u>
180	Total noncurrent assets	<u>469,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>469,219</u>
190	Total assets	<u>\$ 5,300,550</u>	<u>\$ 29,745</u>	<u>\$ 846,649</u>	<u>\$ (29,745)</u>	<u>\$ 6,147,199</u>

	Section 8 Rental Voucher Program 14.871	HUD Other 14.235, 14.239, 14.238, 14.231, 14.218	Disaster Housing Assistance Program 97.109	Eliminations	Total	
Liabilities and net assets						
Liabilities						
Current liabilities:						
312	Accounts payable less than or equal to 90 days	\$ 82,505	\$ -	\$ 1,471	\$ -	\$ 83,976
313	Accounts payable greater than 90 days	-	-	17,063	-	17,063
321	Accrued wages/payroll taxes payable	55,010	-	-	-	55,010
322	Accrued compensated absences	31,873	-	-	-	31,873
331	A/P - HUD PHA Programs	-	-	201,379	-	201,379
345	Other current liabilities	196,057	-	-	-	196,057
347	Interprogram - due to	-	29,745	-	(29,745)	-
310	Total current liabilities	365,445	29,745	219,913	(29,745)	585,358
Noncurrent liabilities:						
353	Other	164,116	-	-	-	164,116
354	Accrued compensated absences	86,254	-	-	-	86,254
350	Total noncurrent liabilities	250,370	-	-	-	250,370
300	Total liabilities	615,815	29,745	219,913	(29,745)	835,728
Net assets						
508.1	Invested in capital assets	469,219	-	-	-	469,219
511.1	Restricted net assets - HAP	892,287	-	-	-	892,287
512.1	Unrestricted net assets - Admin	3,323,229	-	626,736	-	3,949,965
513	Total net assets	4,684,735	-	626,736	-	5,311,471
600	Total liabilities and net assets	\$ 5,300,550	\$ 29,745	\$ 846,649	\$ (29,745)	\$ 6,147,199



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS
FINANCIAL DATA SCHEDULES
COMBINING STATEMENTS OF REVENUE AND EXPENSES - ALL PROGRAMS
Year Ended September 30, 2009

Line Item No.	Account Description	Section 8 Rental Voucher Program 14.871	HUD Other 14.235, 14.239, 14.238, 14.231, 14.218	Disaster Housing Assistance Program 97.109	Total
Revenue:					
706	HUD PHA grants	\$ 20,813,057	\$ -	\$ -	\$ 20,813,057
708	Other government grants	-	781,012	1,142,923	1,923,935
711	Investment income - unrestricted	144,659	-	726	145,385
714	Fraud recovery	12,893	-	-	12,893
715	Other revenue (expense)	2,478,260	99	-	2,478,359
720	Investment income - restricted	3,014	-	408	3,422
700	Total revenue	23,451,883	781,111	1,144,057	25,377,051
Expenses:					
Administrative:					
911	Administrative salaries	1,121,638	50,629	129,755	1,302,022
912	Auditing fees	39,550	-	-	39,550
914	Advertising & marketing	206	-	-	206
915	Employee benefit contributions - administrative	382,505	-	8,137	390,642
916	Office	167,344	-	12,304	179,648
917	Legal	7,670	-	1,563	9,233
	Total administrative	1,718,913	50,629	151,759	1,921,301
Tenant services:					
921	Tenant services - salaries	91,151	-	104,219	195,370
923	Tenant services - benefits	27,564	-	-	27,564
	Total tenant services	118,715	-	104,219	222,934
Utilities:					
932	Electricity	74,643	-	-	74,643
938	Other utilities expense	34,342	-	1,081	35,423
	Total utilities	108,985	-	1,081	110,066
Ordinary maintenance and operation:					
943	Ordinary maintenance and operation - contract costs	9,714	-	-	9,714
	Total ordinary maintenance and operation	9,714	-	-	9,714

(Continued)

Line Item No.	Section 8 Rental Voucher Program 14.871	HUD Other 14.235, 14.239, 14.238, 14.231, 14.218	Disaster Housing Assistance Program 97.109	Total
Expenses (continued):				
Insurance expenses:				
961 Property insurance	735	-	-	735
963 Liability insurance	1,877	-	-	1,877
964 All other insurance	6,752	-	-	6,752
Total insurance expenses	9,364	-	-	9,364
General expenses:				
962 Other general expenses	469,119	3,043	101,336	573,498
966 Bad debt - other	17,568	-	-	17,568
Total general expenses	486,687	3,043	101,336	591,066
9690 Total operating expenses	2,452,378	53,672	358,395	2,864,445
Excess operating revenue over operating expenses	20,999,505	727,439	785,662	22,512,606
973 Housing assistance payments	21,162,984	727,439	749,252	22,639,675
9735 HAP portability - in	1,616,060	-	-	1,616,060
974 Depreciation expense	53,492	-	-	53,492
Total expenses	25,284,914	781,111	1,107,647	27,173,672
Excess revenue over (under) expenses	\$ (1,833,031)	\$ -	\$ 36,410	\$ (1,796,621)

Memo Account Information:				
1103 Beginning equity	\$ 6,517,766	-	590,326	7,108,092
1117 Administrative fee equity	3,792,448	-	-	3,792,448
1118 Housing assistance payment equity	892,287	-	-	892,287
1120 Unit months available-voucher only	41,333	-	-	41,333
1121 Number of units months leased	39,248	-	1,774	41,022



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS
FINANCIAL DATA SCHEDULES
COMBINING BALANCE SHEETS - SECTION 8 RENTAL VOUCHER PROGRAM
September 30, 2009

Line Item No.	Account Description	Section 8 Rental Voucher Program 14.871	Disaster Voucher Program 14.871	Total Voucher Program
Assets:				
Current assets:				
Cash:				
111	Cash - unrestricted	\$ 513,777	\$ -	\$ 513,777
113	Cash - other restricted	1,345,935	-	1,345,935
100	Total cash	<u>1,859,712</u>	<u>-</u>	<u>1,859,712</u>
Accounts and notes receivables:				
121	Accounts receivable - PHA projects	16,979	-	16,979
125	Accounts receivable - miscellaneous	39,565	-	39,565
126.2	Allowance for Doubtful Accounts - Other	(6,226)	-	(6,226)
128	Accounts receivable - fraud recovery	21,274	-	21,274
128.1	Allowance for Doubtful Accounts - Fraud	(730)	-	(730)
129	Accrued interest receivable	12,833	-	12,833
120	Total receivables, net of allowance for uncollectibles	<u>83,695</u>	<u>-</u>	<u>83,695</u>
Investments:				
131	Investments - unrestricted	2,851,026	-	2,851,026
142	Prepaid expenses and other assets	7,153	-	7,153
144	Interprogram due from	29,745	-	29,745
150	Total current assets	<u>4,831,331</u>	<u>-</u>	<u>4,831,331</u>
Noncurrent assets:				
Property and equipment:				
162	Buildings	562,711	-	562,711
164	Furniture, equipment, and machinery - administrative	262,697	-	262,697
166	Accumulated depreciation	(356,189)	-	(356,189)
160	Total fixed assets, net of accumulate depreciation	<u>469,219</u>	<u>-</u>	<u>469,219</u>
180	Total noncurrent assets	<u>469,219</u>	<u>-</u>	<u>469,219</u>
190	Total assets	<u>\$ 5,300,550</u>	<u>\$ -</u>	<u>\$ 5,300,550</u>
Liabilities and Equity				
Liabilities				
Current liabilities:				
312	Accounts payable less than or equal to 90 days	\$ 82,505	\$ -	\$ 82,505
321	Accrued wages/payroll taxes payable	55,010	-	55,010
322	Accrued compensated absences	31,873	-	31,873
345	Other current liabilities	196,057	-	196,057
310	Total current liabilities	<u>365,445</u>	<u>-</u>	<u>365,445</u>
Noncurrent liabilities:				
353	Other	164,116	-	164,116
354	Accrued compensated absences	86,254	-	86,254
350	Total noncurrent liabilities	<u>250,370</u>	<u>-</u>	<u>250,370</u>
300	Total liabilities	<u>615,815</u>	<u>-</u>	<u>615,815</u>
Equity				
508	Invested in capital assets	469,219	-	469,219
511	Restricted net assets	892,287	-	892,287
512	Unrestricted net assets	3,323,229	-	3,323,229
513	Total net assets	<u>4,684,735</u>	<u>-</u>	<u>4,684,735</u>
600	Total liabilities and net assets	<u>\$ 5,300,550</u>	<u>\$ -</u>	<u>\$ 5,300,550</u>



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS
FINANCIAL DATA SCHEDULES
COMBINING STATEMENTS OF REVENUE AND EXPENSES -
SECTION 8 RENTAL VOUCHER PROGRAM
Year Ended September 30, 2009

Line Item No.	Account Description	Section 8 Rental Voucher Program 14.871	Disaster Voucher Program 14.871	Total Voucher Program
Revenue:				
706	HUD PHA grants	\$ 20,787,628	\$ 25,429	\$ 20,813,057
711	Investment income - unrestricted	144,659	-	144,659
714	Fraud recovery	12,893	-	12,893
715	Other revenue (expense)	2,478,260	-	2,478,260
720	Investment income - restricted	3,014	-	3,014
700	Total revenue	<u>23,426,454</u>	<u>25,429</u>	<u>23,451,883</u>
Expenses:				
Administrative:				
911	Salaries	1,120,555	1,083	1,121,638
912	Auditing fees	39,550	-	39,550
914	Advertising and marketing	206	-	206
915	Employee benefit contributions- administration	382,505	-	382,505
916	Office expenses	167,344	-	167,344
917	Legal expense	7,670	-	7,670
	Total administrative	<u>1,717,830</u>	<u>1,083</u>	<u>1,718,913</u>
Tenant services:				
921	Tenant services - salaries	91,151	-	91,151
923	Tenant services - benefits	27,564	-	27,564
	Total tenant services	<u>118,715</u>	<u>-</u>	<u>118,715</u>
Utilities:				
932	Electricity	74,643	-	74,643
938	Other utilities expense	34,342	-	34,342
	Total utilities	<u>108,985</u>	<u>-</u>	<u>108,985</u>

(Continued)



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS
FINANCIAL DATA SCHEDULES
COMBINING STATEMENTS OF REVENUE AND EXPENSES -
SECTION 8 RENTAL VOUCHER PROGRAM
Year Ended September 30, 2009

Line Item No.	Account Description	Section 8 Rental Voucher Program 14.871	Disaster Voucher Program 14.871	Total Voucher Program
	Expenses (continued):			
	Ordinary maintenance and operation:			
943	Ordinary maintenance and operation - contract costs	9,714	-	9,714
	Total ordinary maintenance and operation	9,714	-	9,714
	Insurance expenses:			
961	Property insurance	735	-	735
963	Liability insurance	1,877	-	1,877
964	All other insurance	6,752	-	6,752
	Total insurance expenses	9,364	-	9,364
	General expenses:			
962	Other general expenses	469,119	-	469,119
966	Bad debt - other	17,568	-	17,568
	Total general expenses	486,687	-	486,687
9690	Total operating expenses	2,451,295	1,083	2,452,378
	Excess operating revenue over operating expenses	20,975,159	24,346	20,999,505
973	Housing assistance payments	21,138,638	24,346	21,162,984
	HAP portability - in	1,616,060	-	1,616,060
974	Depreciation expense	53,492	-	53,492
	Total expenses	25,259,485	25,429	25,284,914
	Excess revenue over expenses	\$ (1,833,031)	\$ -	\$ (1,833,031)
1120	Unit months available - voucher only	41,333		41,333
1121	Number of units months leased	39,176	72	39,248



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS
FINANCIAL DATA SCHEDULES
COMBINING BALANCE SHEETS - DISASTER HOUSING ASSISTANCE PROGRAM

September 30, 2009

Line Item No.	Account Description	Disaster Housing Assistance Program 97.109	Disaster Housing Assistance Program IKE 97.109	Total Disaster Housing Assistance Program
Assets:				
Current assets:				
Cash:				
111	Cash - unrestricted	\$ 510,988	\$ 22,936	\$ 533,924
113	Cash - other restricted	282,228	17,063	299,291
100	Total cash	<u>793,216</u>	<u>39,999</u>	<u>833,215</u>
Accounts and notes receivables:				
125	Accounts receivable - miscellaneous	8,567	4,867	13,434
120	Total receivables, net of allowance for uncollectibles	<u>8,567</u>	<u>4,867</u>	<u>13,434</u>
150	Total current assets	<u>801,783</u>	<u>44,866</u>	<u>846,649</u>
190	Total assets	<u>\$ 801,783</u>	<u>\$ 44,866</u>	<u>\$ 846,649</u>
Liabilities and Equity				
Liabilities				
Current liabilities:				
312	Accounts payable less than or equal to 90 days	\$ 1,471	\$ -	\$ 1,471
313	Accounts payable greater than 90 days	-	17,063	17,063
331	A/P - HUD PHA Programs	201,379	-	201,379
310	Total current liabilities	<u>202,850</u>	<u>17,063</u>	<u>219,913</u>
300	Total liabilities	<u>202,850</u>	<u>17,063</u>	<u>219,913</u>
Equity				
512	Unrestricted net assets	598,933	27,803	626,736
513	Total net assets	<u>598,933</u>	<u>27,803</u>	<u>626,736</u>
600	Total liabilities and net assets	<u>\$ 801,783</u>	<u>\$ 44,866</u>	<u>\$ 846,649</u>



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS
FINANCIAL DATA SCHEDULES
COMBINING STATEMENTS OF REVENUE AND EXPENSES -
DISASTER HOUSING ASSISTANCE PROGRAM
Year Ended September 30, 2009

Line Item No.	Account Description	Disaster Housing Assistance Program 97.109	Disaster Housing Assistance Program IKE 97.109	Total Disaster Housing Assistance Program
Revenue:				
708	Other government grants	\$ 998,978	\$ 143,945	\$ 1,142,923
711	Investment income - unrestricted	669	57	726
720	Investment income - restricted	408	-	408
700	Total revenue	<u>1,000,055</u>	<u>144,002</u>	<u>1,144,057</u>
Expenses:				
Administrative:				
911	Salaries	113,122	16,633	129,755
915	Employee benefit contributions-			
	administration	7,419	718	8,137
916	Office expenses	12,304	-	12,304
917	Legal expense	1,563	-	1,563
	Total administrative	<u>134,408</u>	<u>17,351</u>	<u>151,759</u>
Tenant services:				
921	Tenant services - salaries	90,852	13,367	104,219
	Total tenant services	<u>90,852</u>	<u>13,367</u>	<u>104,219</u>
Utilities:				
938	Other utilities expense	1,081	-	1,081
	Total utilities	<u>1,081</u>	<u>-</u>	<u>1,081</u>
General expenses:				
962	Other general expenses	101,336	-	101,336
	Total general expenses	<u>101,336</u>	<u>-</u>	<u>101,336</u>
9690	Total operating expenses	<u>327,677</u>	<u>30,718</u>	<u>358,395</u>
	Excess operating revenue over			
	operating expenses	672,378	113,284	785,662
973	Housing assistance payments	663,771	85,481	749,252
	Total expenses	<u>991,448</u>	<u>116,199</u>	<u>1,107,647</u>
	Excess revenue over expenses	<u>\$ 8,607</u>	<u>\$ 27,803</u>	<u>\$ 36,410</u>
1120	Unit months available - voucher only	41,333		41,333
1121	Number of units months leased	39,176	72	39,248



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS
FINANCIAL DATA SCHEDULES
COMBINING BALANCE SHEETS AND STATEMENTS OF REVENUE AND EXPENSES - HUD OTHER
As of and for the Year Ended September 30, 2009

Line Item No.	Account Description	Supportive Housing Program	HOME Investment Partnerships Program	Shelter Plus Care Program	Emergency Shelter Grant Program	Community Development Block Grant	Total Other HUD
Balance Sheets							
Assets:							
124	Accounts receivable - HUD other projects	\$ -	\$ 29,745	\$ -	\$ -	\$ -	\$ 29,745
190	Total assets	<u>\$ -</u>	<u>\$ 29,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,745</u>
347	Interprogram - due to	\$ -	\$ 29,745	\$ -	\$ -	\$ -	\$ 29,745
300	Total liabilities	<u>-</u>	<u>29,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,745</u>
512	Unrestricted net assets	-	-	-	-	-	-
600	Total liabilities and net assets	<u>\$ -</u>	<u>\$ 29,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,745</u>
Statements of Revenue and Expenses							
Revenue:							
708	Other government grants	\$ 253,783	\$ 371,973	\$ 154,958	\$ 149	\$ 149	\$ 781,012
715	Other revenue	-	-	99	-	-	99
700	Total revenue	<u>253,783</u>	<u>371,973</u>	<u>155,057</u>	<u>149</u>	<u>149</u>	<u>781,111</u>
Expenses:							
Administrative:							
911	Salaries	31,482	8,768	10,379	-	-	50,629
910	Total operating - administrative	<u>31,482</u>	<u>8,768</u>	<u>10,379</u>	<u>-</u>	<u>-</u>	<u>50,629</u>
General expenses:							
962	Other general expenses	-	3,043	-	-	-	3,043
	Total general expenses	<u>-</u>	<u>3,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,043</u>
969	Total operating - expenses	<u>31,482</u>	<u>11,811</u>	<u>10,379</u>	<u>-</u>	<u>-</u>	<u>53,672</u>
970	Excess operating revenue over operating expense	<u>222,301</u>	<u>360,162</u>	<u>144,678</u>	<u>149</u>	<u>149</u>	<u>727,439</u>
973	Housing assistance payments	<u>222,301</u>	<u>360,162</u>	<u>144,678</u>	<u>149</u>	<u>149</u>	<u>727,439</u>
900	Total expenses	<u>253,783</u>	<u>371,973</u>	<u>155,057</u>	<u>149</u>	<u>149</u>	<u>781,111</u>
1000	Excess of revenue over (under) expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2009

Federal Grantor/Program Title U.S. Department of Housing and Urban Development	Federal CFDA Number	Expenditures
Department of Housing and Urban Development		
Section Eight - Existing Housing and State		
Agency New Construction Rehabilitation Program:		
Voucher	14.871	\$ 23,520,958
Supportive Housing Program	14.235	253,783
Shelter Plus Care Program	14.238	155,057
Pass through the City of Arlington		
HOME Investment Partnerships Program	14.239	368,930
Emergency Shelter Grant Program	14.231	149
Community Development Block Grant	14.218	149
Total HUD		24,299,026
Federal Emergency Management Agency		
Disaster Housing Assistance Program	97.109	1,107,594
Total Federal Awards Expended		\$ 25,406,620

See notes to schedule of expenditures of federal awards.



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the expenses of all federal awards of the Housing Authority of the City of Arlington, Texas (Authority). The reporting entity is defined in Note 1 to the Authority's financial statements.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the accrual basis of accounting which is described in Note 1 to the Authority's basic financial statements.

NOTE 3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying Schedule agree with the amounts reported in related year-end federal financial reports.

NOTE 4. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the Authority provided no federal awards to subrecipients.

NOTE 5. NON-CASH ASSISTANCE

The Authority did not receive any non-cash assistance from federal awards for the year ended September 30, 2009.

NOTE 6. LOANS

At year-end, the Authority had no loans or loan guarantees outstanding with federal awarding agencies.





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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Housing Authority of the City of Arlington, Texas
Arlington, Texas

We have audited the basic financial statements of the Housing Authority of the City of Arlington, Texas (the "Authority") as of and for the year ended September 30, 2009, and have issued our report thereon dated February 4, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the Authority and the U.S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than those specified parties.

Rylander, Clay & Opitz, LLP

February 4, 2010





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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
Housing Authority of the City of Arlington, Texas
Arlington, Texas

Compliance

We have audited the compliance of the Housing Authority of the City of Arlington, Texas (the "Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that are applicable to its major Federal program for the year ended September 30, 2009. The Authority's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major Federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its each of its major Federal programs for the year ended September 30, 2009.

Internal Control over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Commissioners, management, and others within the Authority and the U.S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Rylander, Clay & Opitz, LLP

February 4, 2010



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2009

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes X No

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness identified? Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes X No

Type of auditor’s report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program
14.871	Section Eight Existing Housing: Voucher
97.109	Disaster Housing Assistance

Dollar threshold used to distinguish between type A and type B programs:

\$762,199

Auditee qualified as low-risk auditee?

 X yes no



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended September 30, 2009

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None



HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended September 30, 2009

Prior Year Financial Statement Findings

Finding No. 2008-01: Prior year receivables from other housing authorities ("port-in's") are not routinely reviewed for collectability, and if necessary, written-off when they are considered uncollectible.

Current status: The Authority has upgraded their software that manages the portability transactions and has taken action to write off receivables that are deemed uncollectible, as recommended, and will continue this action, as needed, on an ongoing basis.

Prior Year Federal Award Findings and Questioned Costs

None

